

**AGENDA**  
**FINANCIAL SERVICES COMMISSION**  
**Office of Insurance Regulation**

**September 19, 2007**

**MEMBERS**  
Governor Charlie Crist  
Attorney General Bill McCollum  
Chief Financial Officer Alex Sink  
Commissioner Charles Bronson

**Contact: Chris Bailey**  
**(850-413-2552)**

9:00 A. M.  
LL-03, The Capitol  
Tallahassee, Florida

<u>ITEM</u>	<u>SUBJECT</u>	<u>RECOMMENDATION</u>
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1. Minutes of the Financial Services Commission for July 31, 2007

**(ATTACHMENT 1)**

**FOR APPROVAL**

2. Approval for Final Adoption of amendments to Rule 69O-142.200; Military Sales. F.A.C.

The rule establishes guidelines insurers must follow when selling insurance to members of the United States Armed Forces. This rule is designed to protect our service men and women from coercion and misleading tactics. Attachment 2 contains the Notice of the FSC Final Hearing with its included rule draft, as well as the subsequent draft with its technical changes.

**(ATTACHMENT 2)**

**APPROVAL FOR FINAL ADOPTION**

3. Approval for Final Adoption of amendments to Rule 69O-203.202; Standards for Discount Medical Plans. F.A.C.

Pursuant to Section 636.216, Florida Statutes, monthly fees charged by Discount Medical Plan Organizations (DMPO) in excess of \$30 must be approved by the Office. Section 636.232, Florida Statutes, gives the FSC authority to adopt rules administering applicable statutes. This rule provides the standards by which the Office will make a determination of reasonableness of the monthly fees/charge. The rule clarifies that if there is no cost to the member, the rule does not apply. For example, if a DMPO charges a fee to a Health Maintenance Organization (HMO), but the HMO provides the discount medical cards to its members without charging them, the rule does not apply. Additionally, the rule explains how approval may be granted for DMPO products bundled with other products regulated by the Office.

**(ATTACHMENT 3)****APPROVAL FOR FINAL ADOPTION**

4. Approval for Final Adoption of amendments to Rule 69O-125.003; Unfair Discrimination Because of Travel Plans F.A.C.

Section 626.9541(1)(dd), Florida Statutes, states that it is a violation of the Unfair Insurance Trade Practices Act to unfairly discriminate against a policyholder or a prospective policyholder based upon his or her past or future plans to travel to a foreign country. The amendment to the rule implements this section of law, provides clarification to the definition of "unfairly discriminatory", and explains the justification an insurer must provide to the Office if it asserts that any such discrimination is not unfair.

**(ATTACHMENT 4)****APPROVAL FOR FINAL ADOPTION**

5. Approval for Final Adoption of amendments to Rule 69O-167.015; Uniform Home Grading Scale. F.A.C.

Section 40 of Chapter 2007-1, Laws of Florida, states that the FSC shall adopt a uniform home grading scale to grade the ability of a home to withstand the high winds in a severe tropical storm or hurricane. The rule does this by incorporating by reference the Home Structure Rating System (HSRS), which was developed by an Advisory Board appointed by the Office. The HSRS provides standards and criteria to generate a Home Resistance Rating that measures the relative ability of a structure to withstand a severe tropical storm or hurricane.

**(ATTACHMENT 5)****APPROVAL FOR FINAL ADOPTION**

6. Approval for Final Adoption of amendments to Rule 69O-137.013; Catastrophe Fund Assessment Information Gathering. F.A.C.

Pursuant to Section 215.555(6)(b), Florida Statutes, the Office is to monitor, verify, and assure compliance with any emergency assessments that are made by the Florida Hurricane Catastrophe Fund (FHCF). This rule establishes procedures by which the Office complies with that mandate. It requires insurers to report to the Office the data by which the payments were calculated and to furnish the Office with a scanned document showing confirmation of the monies being deposited into the account designated by the FHCF for that purpose.

**(ATTACHMENT 6)****APPROVAL FOR FINAL ADOPTION**

7. Approval for Final Adoption of amendments to Rule 69O-157.301, .302, .303, .304; Rate Increase Standards (Long-Term Care Insurance). F.A.C.

Section 627.9407(7)(c), Florida Statutes, provides that rates charged to an insured for renewal of an existing long term care insurance policy may not exceed the price the insurer charges for newly issued policies with similar benefits. The problem this statute addresses relates to "closed blocks" of business. A closed block of business occurs when a particular policy is no longer being sold to *new* customers. This statute protects those insureds in that

closed block from excessive rate hikes by precluding an insurer from having higher renewal rates for such closed blocks of business than the rates it charges for similar policies to new policy holders.

**(ATTACHMENT 7)**

**APPROVAL FOR FINAL ADOPTION**

8. Approval to Publish Rules 69O-143.041, .042; Domestic Insurers; Custody Agreements. F.A.C.

Section 3 of Senate Bill 562, signed by the Governor on June 15, 2007, amended Section 628.511, Florida Statutes, allowing domestic insurers to own or transfer securities without physical delivery of the certificates. Subsection (4) of existing Section 628.511, Florida Statutes, gives the Commission rule authority to adopt rules governing the deposit of securities. Consequently, existing Rules 69O-143.041, .042, which govern the deposit of securities, need to be amended to comply with the changes to Section 628.511, Florida Statutes.

**(ATTACHMENT 8)**

**APPROVAL FOR PUBLICATION**

9. Approval to Publish the Repeal of Rule 69O-186.017; Certificate of Mortgage Release. F.A.C.

At a closing of the sale of real estate, the title insurer must determine whether all mortgages on the property have been satisfied. However, in a number of circumstances, the release or satisfaction of a mortgage are not presented in a timely fashion or are never presented to the title insurer or its authorized agent. To help remedy this problem, Section 701.041 sets up a "self-help" procedure whereby, upon meeting certain conditions, a title insurer or its authorized agents may record an affidavit that releases the lien of a mortgage from property that has been paid in full. The document that is filed to accomplish this is referred to as a Certificate of Mortgage Release. As originally passed in 2005, the statute, in subsection (9), provided for the FSC to adopt by rule an actuarially sound premium charge for each Certificate of Mortgage Release filed. The FSC in response adopted Rule 69O-186.017, setting such a rate. In the 2007 Legislative Session, the Legislature repealed subsection (9). Consequently, the FSC no longer has authority to set premium rates, so this rule should be repealed.

**(ATTACHMENT 9)**

**APPROVAL FOR PUBLICATION**

10. Approval to Publish Rules 69O-137.001; Annual and Quarterly Reporting Requirements. F.A.C.

The Rule adopts the 2007 National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook as permitted by Section 624.316, Florida Statutes.

**(ATTACHMENT 10)**

**APPROVAL FOR PUBLICATION**

11. Approval to Publish Rules 69O-138.001; NAIC Financial Condition Examiners Handbook Adopted. F.A.C.

The Rule adopts the 2007 NAIC Financial Condition Examiners Handbook as permitted by Section 624.316, Florida Statutes.

**(ATTACHMENT 11)**

**APPROVAL FOR PUBLICATION**

12. Update to the FSC on the Presumed Factor Property Insurance Rate Filings.

**FOR INFORMATION**